

Management Information System (MIS) Funding Sources

The main source of funding for State agency MIS initiatives is the nutrition services and administration (NSA) grant. In addition to the NSA grant, limited additional WIC funds are available to State agencies for MIS through the competitive multi-purpose grant process and through operational adjustment (OA) funds. In addition, funds are occasionally obtained from other programs such as the Centers for Disease Control's Immunization Program or Maternal and Child Health Program for the development of joint MIS projects. Sometimes funding can be obtained from private, nonprofit groups or from State governments. However, funding from these additional sources is rare and the contributions to WIC MIS are minimal. The following describes some of the major funding sources available for MIS development through the WIC Program.

NSA Grants. MIS expenditures compete with all other NSA funding needs, including, but not limited to, nutrition education activities and breastfeeding promotion and support, vendor monitoring, referrals, nutritional risk assessments, and general administration costs. By law, State agencies must spend at least one-sixth of their NSA expenditures on nutrition education activities. While State agencies have a large amount of discretion in the use of their NSA grant, competing priorities for the use of these NSA funds involve critical management decisions at the State and local level.

Operational Adjustment (OA) Funds. In accordance with FNS regulations, each State agency's formula calculated NSA grant is reduced by 10 percent each fiscal year to form an operational adjustment fund within each region. These funds are intended to recognize the varying needs of State agencies within each of the seven regions. Most regional offices distribute these funds to State agencies using a competitive process. FNS provides guidance to regional offices on how the funds may be used, but each regional office has discretion in how the funds are distributed within Program priorities. In recent years, however, little discretion has been afforded them as the use of these funds is often dictated by the need to maintain State agency operations. While these funds were at one time considered to be "discretionary" in nature, that is no longer the case. Often OA funds are used to maintain operations and support caseload, which if left unfunded could result in staff and caseload reductions or have other detrimental affects on the Program. FNS recently decided to rename these funds from "discretionary" to "operational adjustment" to better reflect their purpose and current use.

Multi-Purpose Grants. Public Law 105-394, which amended the Child Nutrition Act of 1996, requires the Secretary of Agriculture to make available approximately \$10 million each fiscal year for (1) development of infrastructure, (2) special State projects of regional and national significance, and (3) special breastfeeding support and promotion projects. These grant funds can be used for various purposes, including MIS. Typically, the major types of infrastructure projects funded include (1) a wide variety of MIS projects to include system development, hardware and software costs, MIS integration with other programs, and automated delivery of nutrition education; and (2) clinic renovation and purchase.

Electronic Benefit Transfer (EBT)/Electronic Service Delivery (ESD)¹ is also funded through these multi-purpose grants, although the amount spent on EBT/ESD as compared to the amount spent on MIS is relatively small. For several years, FNS has been evaluating complex EBT/ESD technology through research activities, feasibility studies, and pilot projects. This is in line with National Performance Review (NPR) and USDA recommendations to move away from paper-based benefit instruments such as food coupons. Technical evaluation of EBT/ESD in the WIC Program is currently being performed through 8 pilot project grants, of which three are multi-state projects. Altogether 14 State agencies are involved in WIC EBT/ESD pilot projects.

In 2001 Congress increased this multi-purpose funding from \$10 million to \$14 million, of which \$6 million will be used for EBT/ESD systems development. Funding provided specifically for EBT/ESD through the multi-purpose grants will nearly double. However, no increase in funding for basic MIS projects will be realized. For information, the distribution of multi-purpose funds over the last 4 years is shown in the chart below.

Distribution of Grant Funds	FY 1997	FY 1998	FY 1999	FY 2000
General Infrastructure Grants	\$7,201,444	\$4,319,300	\$3,675,000	\$4,900,000
Special Project Grants	\$2,000,000	\$478,716	\$1,689,987	\$2,040,000
Electronic Benefit Transfer	\$500,000	\$3,625,000	\$3,500,000	\$2,350,814
Breastfeeding Promotion and Support & National Infrastructure Projects	\$298,556	\$962,369	\$1,135,000	\$702,880

¹ EBT is a WIC initiative to use advanced technology to provide WIC benefits to participants electronically via a smartcard or an internet application. As some State agencies plan to capture not just food benefits, but also service delivery information this way, another common term used is Electronic Service Delivery (ESD). As ESD projects involve multiple programs, costs are shared among the partnering programs.